

Message Text

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DRAFTED BY E:DHWOOD

APPROVED BY E:CWROBINSON

S/S - MR. ORTIZ

S - MR. BREMER

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 231435 TOSEC 140024

NODIS

E.O. 11652: GDS

TAGS: EEWT, UR

SUBJECT: USSR GRAIN NEGOTIATIONS AND THE PRESS

FOR THE SECRETARY FROM UNDER SECRETARY ROBINSON

1. THE WHITE HOUSE HAS ISSUED A STATEMENT TO THE PRESS REGARDING THE RETURN OF THE US TEAM TO MOSCOW TO CONTINUE DISCUSSION OF US-USSR GRAIN AGREEMENT ALONG THE LINES OF THE ONE INCLUDED AT TAB A.

2. YOU ALSO INDICATED THAT YOU WOULD CONSIDER CONDUCTING A BACKGROUNDER FOR THE PRESS ON THIS SAME SUBJECT ON MONDAY EVENING, SEPTEMBER 29. I BELIEVE SUCH A BACKGROUNDER IS IMPORTANT AS A MECHANISM FOR EXPANDING ON THE ATTACHED PRESS STATEMENT: (1) TO HIGHLIGHT YOUR LEADERSHIP IN THIS AREA, DISSIPATING THE IMPRESSION LEFT BY USDA CONVERSATIONS WITH THE PRESS THAT THEY ARE TAKING
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OVER THE LEAD ROLE; (2) TO SET THE STAGE FOR EXPLAINING

THE AGREEMENTS (TO THE PRESS, THE PUBLIC AND THE CONGRESS) THAT WE HOPE TO REACH SOON IN MOSCOW; AND (3) ESPECIALLY FOR HELPING THE PRESS TO UNDERSTAND THAT INTERESTS OTHER THAN PURELY AGRICULTURAL ONES ARE INVOLVED IN THE NEGOTIATIONS. TALKING POINTS FOR YOUR USE, SHOULD YOU DECIDE TO CONDUCT THE BRIEFING, ARE AT TAB B.

TAB A.

PROPOSED PRESS ANNOUNCEMENT:

UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS, CHARLES W. ROBINSON, HAS BEEN ASKED BY THE PRESIDENT TO RETURN TO MOSCOW TO CONTINUE DISCUSSIONS OF A LONG TERM GRAIN SALE ARRANGEMENT WITH THE USSR, COMMENCING ON TUESDAY, SEPTEMBER 30.

THE US DELEGATION CARRIED OUT SEVERAL DAYS OF CONSTRUCTIVE PRELIMINARY DISCUSSIONS IN MOSCOW ON THIS SUBJECT EARLIER IN SEPTEMBER AND THEN RETURNED TO WASHINGTON FOR CONSULTATIONS WITH OTHER IN THE US GOVERNMENT. THE MEMBERS OF THE US DELEGATION WILL LEAVE FOR MOSCOW THIS EVENING.

TAB B.

TALKING POINTS:

--AN EXCEPTIONALLY BAD SOVIET GRAIN HARVEST, BREZHNEV'S POLITICAL NEED TO MAINTAIN POLICY OF SEEKING TO IMPROVE SOVIET LIVING STANDARDS, AND THE FACT THAT ONLY US HAS SUFFICIENT GRAIN TO HELP MEET THE SHORTFALL, COMBINE TO GIVE US AN OPPORTUNITY TO IMPROVE ECONOMIC RELATIONS ON LONGER-TERM BASIS.

--IT IS IN OUR INTEREST TO REDUCE VOLATILITY OF SOVIET PURCHASES IN US MARKET WHICH HAVE COMPLICATED THE PRESIDENT'S EFFORTS TO RESTRAIN INFLATION.

--WE SEEK TO DO THIS IN A WAY THAT WILL FULLY PROTECT OUR CONFIDENTIAL

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FARMERS AND AT THE SAME TIME SUPPORT CONSUMER AND LABOR INTERESTS. OBVIOUSLY, THERE ARE ALSO IMPORTANT FOREIGN POLICY CONSIDERATIONS INVOLVED.

--WE ARE SEEKING TO USE THE SITUATION TO ACCOMPLISH THREE ECONOMICALLY DESIRABLE OBJECTIVES:

1. OPEN THE WAY FOR MORE GRAIN SALES AFTER OCTOBER 11

CROP ESTIMATE IS IN IF THE SUPPLY IS THERE.

2. NEGOTIATE A LONG-TERM (5 YEAR) GRAIN SALES
COMMITMENT.

3. IMPROVE AND EXTEND US/USSR SHIPPING ARRANGEMENTS.

(WE ARE ALSO CONSIDERING A SEPARATE LONG-TERM ARRANGEMENT
WHICH COULD LEAD TO SOVIET OIL SALES TO THE US ON A
MUTUALLY BENEFICIAL BASIS. THIS COULD INVOLVE IN A
SUBSEQUENT PHASE THE USE OF US TECHNOLOGY AND EQUIPMENT
TO EXPAND SOVIET OIL PRODUCTION WITH AN APPROPRIATE SHARING
OF BENEFITS.)

--WHILE WE ALREADY HAVE MADE GREAT PROGRESS ON HIGHER
GRAIN SHIPPING CHARTER RATES AND THE GRAIN AGREEMENT
IS WELL ALONG, ONE CANNOT YET BE CERTAIN OF THE FINAL
PACKAGE.

--SOVIETS ARE PRESENTLY REVIEWING QUESTIONS RAISED IN
UNDER SECRETARY ROBINSON'S RECENT DISCUSSIONS WITH THEM,
AND HE IS NOW RETURNING TO MOSCOW ACCOMPANIED BY A
SMALL TEAM. (FYI. HINTON, ASSISTANT SECRETARY BELL
(AGRICULTURE), FEDERAL ENERGY AGENCY EXPERT, JOE BELL,
AND DEPUTY LEGAL ADVISOR (FELDMAN).

--A US NEGOTIATING POSITION HAS BEEN DEVELOPED BY STATE,
UNDER MY LEAD, WORKING WITH THE WHITE HOUSE AND OTHER
DEPARTMENTS AND AGENCIES INVOLVED, ESPECIALLY
AGRICULTURE (BUTZ) AND FEA (ZARB).

--EFFORT IS A COORDINATED ADMINISTRATION EFFORT WITH STATE
IN LEAD.

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IF ALL GOES WELL EFFORT WILL:

1. PULL THESE ECONOMIES CLOSER TOGETHER.

2. PREPARE WAY FOR EVENTUAL RESOLUTION OF MFN AND
LEND-LEASE QUESTIONS.

3. PREPARE WAY FOR OBTAINING MORE SOVIET OIL IN FUTURE
THROUGH AGREEMENTS TO TRADE SOME OF OUR TECHNOLOGY
FOR CRUDE.

IN SHORT, THIS IS A PROCESS OF BUILDING ON DETENTE BY
NEGOTIATING MUTUALLY ADVANTAGEOUS ECONOMIC
ARRANGEMENTS. INGERSOLL

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